Record Labels & A&R 101

A practical primer for artists and managers on how labels work, what A&R actually does, how deals are structured, and how to get and pitch a deal. US-focused.

What a record label actually does

A label's core job is to **fund, release, and grow recorded music** and to take a share of the revenue in return. In exchange for money and services up front, the label owns (or controls) the master recordings and recoups its costs before the artist sees a profit share.

A modern label typically provides some mix of: - **Funding** — recording budgets, advances, marketing spend. - **Distribution** — getting the music onto DSPs (Spotify, Apple, etc.) and into physical/retail where relevant. - **Marketing & promotion** — playlist/editorial pitching, press, radio, paid ads, content. - **A&R** — finding talent and shaping the creative product (see below). - **Infrastructure** — metadata, accounting, royalty processing, rights administration, sync teams, sometimes touring/merch support.

The trade-off is ownership and control. The more the label invests, the more they typically own and the longer they control the masters.

Major vs. Indie vs. Distribution deals

Major labels

The three majors (Universal, Sony, Warner) and their many imprints. Deep pockets, global reach, radio/press machine, big sync and playlist relationships. - **Pros:** large advances, serious marketing budgets, global priority push potential, industry weight. - **Cons:** you're one of many priorities; long contracts; you usually give up master ownership for a long term; harder to get out; lower royalty rates than you'd keep going independent.

Independent labels

Everything from well-funded indies to boutique genre labels (very common in electronic/house/tech-house). Smaller, more focused, often genuinely passionate about the lane. - **Pros:** more attention per artist, faster decisions, genre credibility (huge in dance music — the right house/tech-house imprint is a tastemaker stamp), often better splits and shorter terms. - **Cons:** smaller budgets, less radio/mainstream reach, variable professionalism.

Distribution deals (and label services)

You keep ownership of your masters; the company provides distribution and optional marketing/ services for a fee or a smaller revenue cut. - **DIY distributors** (e.g., DistroKid, TuneCore, CD Baby): flat fee or small cut, you keep masters and most revenue, no marketing — pure pipe to DSPs. - **“Distribution+”** / **label-services** (e.g., the indie-services arms of larger distributors): they take a percentage and add marketing, playlisting, advances, and sync support while you keep ownership. - **Pros:** retain masters, higher long-term upside, flexibility. - **Cons:** you fund and drive most of it yourself; less institutional muscle behind a release.

> **Rule of thumb:** the more you need money and reach *now*, the more ownership/control you trade. The more you can self-fund and build traction, the more leverage you keep — and the better any future deal gets.

What A&R does (Artists & Repertoire)

A&R is the talent-and-creative function of a label. Two broad jobs:

1. **Finding talent (the “scouting” side)** — discovering artists, songs, and producers worth signing. Modern A&R watches streaming data, social momentum, DJ support/charts (Beatport, Hype Machine, 1001Tracklists in dance), live draw, and word of mouth.
2. **Developing the product (the “creative” side)** — helping shape the music and rollout: song selection, identifying singles, pairing artists with the right co-writers/producers/mixers, sequencing a project, advising on which records to release and when.

A good A&R is part scout, part creative producer, part internal champion who fights for the artist’s budget and priority inside the label. A&R is who you’re usually trying to reach when you “pitch a label.”

Deal structures — the key terms

Advance

Money paid up front. It is **not free** — it’s recoupable (the label earns it back out of your royalties before paying you more). A bigger advance often means a worse royalty rate and/or longer term. Think of it as a loan against your future earnings that you repay only out of your share.

Recoupment

The label keeps your royalty share until it has recovered its recoupable costs (advance, sometimes marketing, video, etc.). **Recoupment ≠ ownership** — even after you recoup, the label usually still owns the masters. Until you recoup, you typically don’t see royalty checks beyond the advance.

Royalty points / rate

Your share of net recording revenue, historically expressed in “points” (e.g., 15–20 points = 15–20%). Streaming-era deals are often expressed as a percentage of net receipts (commonly ~20–30% on indies, sometimes 50/50 on services/distribution-style deals). Higher rate = better long-term upside.

Term & options

How long the deal lasts, often expressed in “albums” or release cycles, with the **label** holding options to extend. Watch for long terms with one-sided options.

Territory & rights

Worldwide vs. specific territories; which rights are included (masters only, or also publishing, neighboring rights, etc.).

360 deals

The label takes a cut of **non-recording income too —** touring, merch, brand deals, sometimes publishing. Common at majors. Justified by the label investing in your whole career, but it means giving up a slice of revenue streams the label may not directly build. Negotiate which streams are included and the percentages carefully.

Other terms to watch

- **Master ownership vs. license —** do they own forever, or does it revert to you after a term?
- **Reversion** — masters return to you after X years; very valuable, push for it.
- **Cross-collateralization** — recouping one project’s costs out of another project’s earnings; try to limit it.
- **Creative control & release commitment** — will they actually release what you make, and on what timeline?
- **Accounting & audit rights** — how often you’re paid and your right to audit their books.

What actually gets an artist signed

Labels sign **momentum and a clear story**, not just good songs. The strongest signals: - **Traction you built yourself** — growing streams, saves, playlist adds, a real and engaged fanbase, consistent release cadence. - **DJ/scene support (in dance)** — plays from respected DJs, Beatport chart positions, support on key radio shows/podcasts, sets at credible parties/festivals. - **A defined identity** — sound, look, and lane are clear. They can picture how to market you. - **A catalog / pipeline —** you have more music ready, not one fluke single. - **Live or event draw —** you can sell tickets / pack rooms (especially relevant where the artist runs their own events brand). - **Professionalism —** you deliver clean files, hit deadlines, communicate well, and have your splits/metadata in order.

The goal is to make signing you look like a low-risk, obvious bet because you’re already working.

How to pitch a label

1. **Target the right label.** Match your genre and stage. For house/tech-house, pitch imprints that release that sound and whose roster sits at your level — not a tier above or a mismatched genre. One great-fit indie beats ten random majors.
2. **Find the right person.** Usually an A&R or label manager. Use mutual connections, demo submission portals, or warm intros from artists already on the roster. Cold-DM as a last resort and keep it short.
3. **Lead with traction.** One or two lines: who you are, the lane, and the proof (numbers, DJ support, recent wins). Then the music.
4. **Send finished, well-presented music.** Private streaming link (not an attachment), correctly labeled, with a clear standout track first. Have masters, instrumentals, and metadata ready if they bite.
5. **Keep it short and specific.** Respect their time. Say why *this* label, not just *a* label.
6. **Follow up once, politely.** Then keep releasing and building — your next month of growth is the best follow-up.

> **Manager's note:** Don't pitch before there's something to point to. A label is far more likely to respond to "we did X in the last 90 days" than to a cold demo with no story. Build the proof first, then pitch from strength.

Quick glossary

- **A&R** — Artists & Repertoire; the talent/creative arm of a label.
- **Advance** — recoupable up-front money.
- **Recoupment** — label recovers its costs from your royalties before paying further.
- **Points** — percentage share of recording revenue.
- **360 deal** — label shares in non-recording income too.
- **Reversion** — masters returning to the artist after a set period.
- **Masters** — the recorded versions of the songs (a separate copyright from the composition).
- **Distribution deal** — you keep masters; company moves your music to DSPs for a fee/cut.

This is an overview, not legal advice. Always have an entertainment attorney review any label agreement before you sign.